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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

BAE

MAY 1952

Approved by the Outlook and Situation Board, June 2, 1952

SUMMARY

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Wholesale prices in general have held relatively stable since February. Farm product prices also have varied little in the last four months. In mid-May average prices received by farmers were up one percent from a month earlier, largely as a result of the sharp rise in hog prices. Prices paid by farmers for commodities used in family living and production including interest, taxes, and farm wage rates continued at record levels. With the increase in prices received by farmers, the parity ratio for May was 101 compared to 100 in the previous month and 108 in May last year.

Hog prices were up more than a fifth from mid-April to mid-May as spring slaughter continued to taper off. Prices also averaged higher for cattle, wool, potatoes, most fruits, and several other products. These increases were partly offset by seasonal declines in prices for truck crops and dairy products, and by price reductions for wheat and poultry

products in response to larger supplies. Slow mill activity and reduced buying for export has contributed to some weakness in cotton prices.

Consumer spending for all goods and services was at a record annual rate of nearly 210 billion dollars in the first quarter, up 3 billion from the previous quarter. Even though seasonally adjusted sales at retail food and apparel stores declined somewhat from January to March, expenditures for food and clothing in the first quarter averaged a little higher than in late 1951. Total retail sales for April were up 2 percent from March, regaining most of the February-March decline.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951		1952			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial production ^{1/}							
Total.....	1935-39=100	220	223	221	222	220	216
All manufactures.....	do.	229	234	231	232	231	225
Durable goods.....	do.	273	279	283	283	283	276
Nondurable goods.....	do.	194	198	189	190	188	184
Minerals.....	do.	164	164	167	167	163	164
Construction activity ^{1/} #							
Contracts, total.....	1947-49=100	171	199	161	156	164	
Contracts, residential.....	do.	170	170	142	163	174	
Wholesale prices ^{2/} #							
All commodities.....	1947-49=100	115	116	113	112	112	112
All commodities except farm and food.....	do.	116	117	114	114	114	113
Farm products.....	do.	113	118	110	108	108	109
Processed foods.....	do.	111	112	110	110	109	108
Prices received and paid by farmers ^{3/}							
Prices received, all products.....	1910-14=100	302	309	300	289	288	290
Prices paid, interest, taxes and wage rates.....	do.	281	283	287	288	288	289
Parity ratio.....	do.	107	109	105	100	100	100
Consumers' price ^{2/} ^{4/}							
Total.....	1935-39=100	186	185	189	188	188	189
Food.....	do.	227	226	232	228	228	230
Nonfood.....	do.	164	163	167	167	167	167
Income	Billion dollars						
Nonagricultural payments ^{5/}		229.4	227.8	235.8	238.0	238.0	
Income of industrial workers ^{3/} ..	1935-39=100	428	427	429	429	430	
Production worker pay rolls ^{2/} ..	1947-49=100	129	130	130	131	131	
Weekly earnings of factory workers ^{2/}							
All manufacturing	Dollars	64.88	64.70	67.04	67.03	67.19	66.24
Durable goods.....	do.	69.97	69.68	72.28	72.27	72.55	71.84
Nondurable goods.....	do.	58.50	58.16	60.19	60.12	60.09	58.71
Employment							
Total civilian ^{6/}	Millions	61.0	60.0	59.7	59.8	59.7	60.1
Nonagricultural ^{6/}	do.	54.0	53.4	53.5	53.7	53.7	53.7
Agricultural ^{6/}	do.	7.0	6.6	6.2	6.1	6.0	6.4
Government finance (Federal) ^{7/}	Million dollars						
Income, cash operating.....		4,945	2,960	5,183	6,275	10,436	
Outgo, cash operating.....	do.	4,836	4,144	5,473	5,328	6,120	
Net cash operating income or outgo.....	do.	+109	-1,184	-290	+947	+4,316	

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

^{1/} Federal Reserve Board. Construction activity revised to 1947-49 base. ^{2/} U. S. Department of Labor, Bureau of Labor Statistics. ^{3/} U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. ^{4/} Consumers' price index for moderate-income families in large cities. ^{5/} U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. ^{6/} U. S. Department of Commerce, Bureau of the Census. ^{7/} U. S. Department of Treasury. Data for 1951 are on average monthly basis.
Revised series.

Reflecting the moderate rise in consumer spending and a further increase in Government spending for defense, the total value of all goods and services produced by the economy in the first quarter was at a record annual rate of nearly 340 billion dollars. This gain of about 1.5 percent over the fourth quarter of 1951 represents mainly increased physical output. New construction activity has been at a record rate so far this year. However, private industrial plant expansion in April was down a little from the previous month. Although business spending for new plant and equipment appears to be leveling off, a continued high rate of investment is in prospect for the second quarter of 1952. Government spending for national security programs continues to rise and information for April and May suggests some pick-up in the rate of gain from the first to second quarter.

Employment rose a little in April but apparently by less than the usual seasonal upturn. Unemployment was reduced further as the civilian labor force failed to rise as much as employment. With the interruption of steel production and some cutback in output of consumer durables, industrial production in April was reduced to 216 percent of 1935-39, the lowest level since August last year. Output in May probably continued near the April level according to preliminary indications.

* This report was prepared before the work *
* stoppage in the steel industry which followed the *
* return of the affected steel mills to private *
* operation. Consequently, the report does not *
* appraise the possible impact of the interruption *
* of output on the economy. *

Commodity Highlights

Hog prices which rose sharply in May will probably rise further reaching a peak in about late summer. Occasional declines in prices of fed cattle may continue until mid- or late summer when a moderate seasonal increase may occur. Prices of lambs, although strengthening since March, have been considerably below last year. The annual rate of milk production has been lower than a year earlier in every month of 1952 and, in the past 12 months, dairy product prices have improved in relation to prices for hogs and beef cattle. The low level of poultry product prices reflects record supplies of poultry meat and a high level of egg production. Prices of edible vegetable oils rose in May, the first increase of the 1951-52 crop year. Prices of inedible tallow and greases also moved upward in the latter part of April and May. A relatively small amount of corn remains on farms in the western Corn Belt. Prices of feed grains have held relatively stable during the past 2 or 3 months at levels above the support for the 1951 crops. Cash wheat prices declined during May in response to prospects for a near-record supply for the 1952-53 marketing year. Grower prices for citrus fruits probably will continue lower in June this year than last mainly because of large supplies of fresh and processed citrus. The peach crop in the Southern early peach states, for market mostly in June and July, is expected to be slightly

larger than last year. Due in part to relatively large inventories of canned vegetables, commercial canners and freezers probably will contract with growers for a smaller acreage this year. Indicated potato production for late-spring harvest is only 4 percent larger than last year and acreage for summer harvest is expected to be about 5 percent smaller than a year earlier. The weakness in cotton prices in April and May probably was due to slackening of purchases for export, relatively small buying by mills, and a slow demand for textiles. Wool prices at the Australian auction in mid-May were about 15 percent higher than those of early April. Cigarette manufacture in the year ending June is estimated at a record 421 billion, 3 percent larger than in 1950-51. Supplies of flue-cured and Burley tobacco, the major kinds of cigarette tobacco, are expected to be larger in 1952-53 than a year earlier.

TOTAL DEMAND FOR GOODS AND SERVICES

Combined spending by consumers, business, and the Government for goods and services was at a record annual rate of nearly 340 billion dollars in the first quarter, up 5 billion from the fourth quarter 1951. The rate of consumer spending rose about 3 billion dollars and Government expenditures about 4 billion, while combined investment outlays by business, including net inventory change, were down a little from the last quarter of 1951.

Consumer Spending

Consumer incomes and the general level of demand continues high. However, consumer purchases of different groups of commodities relative to income vary, reflecting in part differences in supplies and in the quantities of purchases in the past. A pick-up in purchases of nondurable goods and in services contributed to a rise in consumer expenditures to a seasonally adjusted annual rate of nearly 210 billion dollars in the first quarter. This was about 3 billion above the previous quarter and a little above the peak of a year earlier. Expenditures for durable goods continued at the fourth quarter annual rate of 25 billion dollars, down sharply from a year ago. Expenditures for nondurables at an annual rate of \$115.6 billion were up nearly 2 percent from the previous quarter and 3 percent above the corresponding quarter of one year ago. Expenditures for food rose about 2.5 percent over the quarter, while clothing continued near the fourth quarter rate.

Retail sales, after adjustment for seasonal differences, rose by about 5 percent from last December to February then slipped off about 3 percent in March. In April they again turned upward, rising nearly 2 percent. Variations in total sales since last winter have been due largely to variations in sales of durable goods with changes in non-durable sales confined to rather narrow limits. Sales at both food and apparel stores after showing upturns in April were still about 2 and 3 percent respectively below their relatively high January levels. Automotive sales increased sharply from March levels, nearly 10 percent, to equal the February high point for this year. Department store sales in April, after allowance is made for the later date of Easter and seasonal variations, were 2 percent below March and reached the lowest point since November 1950.

Although consumer spending still appeared low relative to income in the first quarter this year, the pick-up in buying from the fourth quarter of 1951 was significant. With increased buying, personal savings dropped to 7.4 percent of disposable income compared with 9 percent for the preceding three quarters. The savings rate averaged nearly 4 percent in the 1947-49 period.

Movements in sales and incomes over the past 2 years indicate that total retail sales are low compared to income. Sales of durable goods are down sharply from the peak-rates of scare buying in 1950 and early 1951. Nondurable sales have changed approximately the same as income since January 1950 with food store sales up a little more and apparel store sales up somewhat less than income over the 2-year period. Retail sales at food and apparel stores do not include all purchases of nondurable goods.

Stock-sales ratios for all retail durable-goods stores in recent months were much lower than in mid-1951, but were still a little above the 1947-49 average. However, automobile stocks were probably relatively low during much of the postwar period. For nondurable-goods stores, stock-sales ratios average substantially lower than a year ago and are only slightly above the 1947-49 average--with the ratio for apparel stores above average and that for food stores a little below.

Consumer credit outstanding at the end of March was 19.6 billion dollars, up about 1 percent from a year ago. Installment credit outstanding over the past year has held relatively steady near the peak levels attained at the end of 1950. In May, the Federal Reserve Board suspended consumer credit controls. It is early yet to appraise the effect that relaxation of controls will have on sales, but some pick-up may be expected for some types of durable goods.

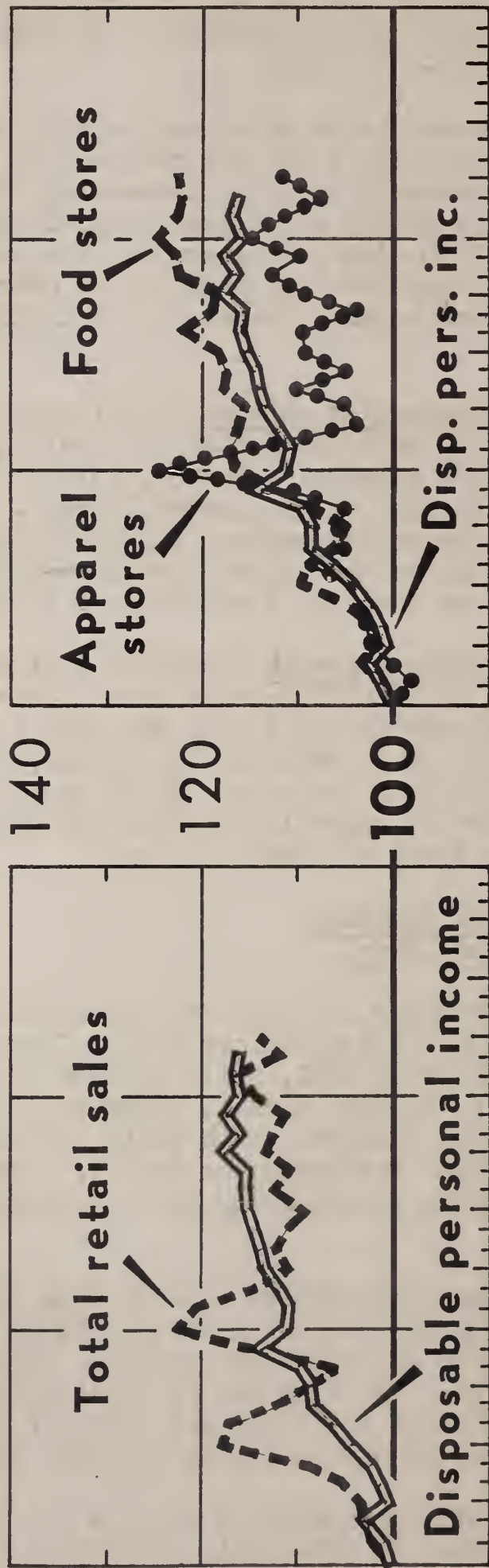
Investment Spending Continues High

Producer expenditures for durable equipment were at a record annual rate of 30 billion dollars in the first quarter, up a billion from the last quarter of 1951, while outlays for new construction were up 10 percent over the same period. Construction activity has been at a record rate so far this year with dollar volume in the first 4 months greater than in any other corresponding period. Increased public industrial and military construction more than offset a decrease in total private construction outlays.

New construction outlays rose seasonally in April setting a new record for the month. Private outlays rose 5 percent with homebuilding activity up 6 percent from March. Public expenditures increased 12 percent over March. Although the seasonal upturn in construction activity in April extended to nearly all types of projects, private industrial plant expansion was down a little from the previous month.

Total construction outlays for the year as a whole--at \$32 billion--are expected to exceed all previous building records according to a joint announcement by the Commerce and Labor Departments. The \$1 billion increase over the previous year will reflect a 17 percent increase in public disbursements compared with a 2 percent drop in private construction investment.

DISPOSABLE PERSONAL INCOME and RETAIL SALES % OF JAN. 1950



1950 1951 1952

INDEXES BASED ON DEPARTMENT OF COMMERCE ESTIMATES ADJUSTED FOR SEASONAL VARIATION

Stepped-up defense expenditure for new construction is most apparent in the estimates for atomic energy and defense plant building, up 70 percent over last year, and construction of military installations, 85 percent above 1951 levels. Private residential construction is expected to be slightly less than in 1951, but gains are anticipated in electric power, telephone facilities and petroleum pipelines as well as private industrial plant construction. These estimates were based on the assumption of no major interruption in production of steel and copper. If the interruption in steel output turns out to be prolonged, construction activity probably would be curtailed.

Housing starts increased 10 percent from March to April, when 108,000 new permanent nonfarm dwelling units were begun, 12 percent more than in April 1951. Private builders started 98,500 new dwelling units in April, an increase of 16 percent over March and 7 percent over a year ago. Thus far in 1952, private housing starts totaled 319,400, down 6 percent from the same period last year. However, public housing starts increased 86 percent over the period so that total starts were down only 2 percent from a year ago. Loans on 1-to-4 dwelling-unit structures during the first quarter were at a rate about the same as in the corresponding quarter of 1951. Even though the volume of retirements increased, the outstanding debt rose by about \$1.2 billion. Funds available for mortgage lending have generally been ample with no upward pressure on rates.

The Commerce and Labor Departments indicate that for the year 1952 private housing starts are expected to total 1,050,000 compared with 1,020,000 for the previous year. In addition work will be started on 50,000 new public housing units this year, 20,000 under the year before.

Business spending for new plant and equipment in the second quarter probably will be maintained at a high level, according to the most recent survey of business investment intentions. The gain in business expenditures for investment from the last half of 1951 to the first part of this year was small on a seasonally adjusted basis. With prospects for little change in the coming quarter, it appears that business spending in total is leveling off. However, continued expansion is in prospect for many defense facilities. According to the Defense Production Administration, industrial expansion presently covered by Certificates of Necessity was 52 percent in place as of March 31 compared to 42 percent at the end of last year. Schedules of reporting companies indicate that these programs will be around 63 percent complete by the end of 1952.

Defense Spending Rises More Rapidly

Spending by the Government for national defense and related programs continues to rise. National security spending, at an annual rate of 47.2 billion dollars for the first quarter, was up 3.1 billion from the fourth quarter of 1951. This gain represents some pick-up in the rate of increase from the preceding quarter. Available information for the first half of the second quarter this year indicates not only a continued rise in defense spending but a further increase in the rate of gain.

PRODUCTION AND EMPLOYMENT

Industrial Output
Lower

Industrial production declined in April for the second consecutive month under the impact of 2 temporary shut-downs in the steel industry and further decreases in production of consumer goods. The Federal Reserve Board seasonally adjusted index of industrial production was 216 percent of the 1935-39 average, down 4 percentage points from March and the lowest since August 1951.

The index of durable goods production dropped more than 2 percent during April to 276, the same level as last year. Reflected in this decline, in addition to the shut-downs in the steel industry, were important curtailments in household goods, including refrigerators, ranges, and many other appliances, a continuation of the first-quarter downward movement in output of industrial machinery and a 4-percent drop in lumber and its products. Working to offset the weakness in the above sectors was the strength shown by auto production which attained an annual rate of about 4.8 million cars, a record since the imposition of production quotas for civilian goods. There was also a rise in defense transportation equipment and weapons as more new plants started coming into production.

Nondurable goods production continued to decline. The April index at 184 was 2 percent below March and 7 percent less than a year earlier. The declines were general in nondurable-goods industries; the only exceptions were printing and publishing which remained unchanged and industrial chemicals which were up slightly. The index of minerals production rose slightly as a 10-percent increase in metals was only partially offset by minor declines in output of coal and crude petroleum. On the basis of preliminary indications industrial output in May probably continued close to the April level.

Manufacturers' Sales
and New Orders

Manufacturers' sales were down 5 percent in March, after adjustment for seasonal variations, with both durables and nondurables registering declines. Decreases occurred in all durable-goods industries, except motor vehicles, which went up 4 percent, and furniture and fixtures, up 1 percent. Largest relative declines were shown for stone, clay and glass products, 12 percent; machinery, 11 percent; professional and scientific instruments, 9 percent; and fabricated metals, 8 percent. Among the non-durables, sales of beverages and meats were the only groups increasing over the month; beverages about 10 percent and meats a little more than 1 percent. The largest declines were 11 percent in sales of apparel and leather and products and 9 percent for tobacco products, while decreases for the other groups ranged between 5 and 7 percent. Compared with a year ago, total manufacturing sales were down 3 percent, with most of the decline coming from the nondurables. Of the durables, only transportation equipment, machinery and professional and scientific instruments had increased sales; while in nondurables, sales of tobacco products, beverages, petroleum and coal products and printing and publishing were up over the year.

Deliveries during March were slightly higher than new orders, resulting in a small decline in the backlog of unfilled orders. However, order backlogs were still nearly 14 percent over the previous year, the increase being due to a gain of nearly one-fourth for durable-goods industries. Backlogs for nondurables were less than one-half year ago levels. Although total value of new orders placed with producers of durable goods in March was less than shipments, backlogs for some durables such as electrical machinery and transportation equipment continued to advance.

After adjusting for seasonal variations, the book value of manufacturers' inventories at the end of March showed only a slight increase over the previous month, with a small gain by durables somewhat more than offsetting a minor decrease in nondurables. The only significant changes during the month were a 5-percent increase in inventories of transportation equipment and 4-and 5-percent declines in textile mill products and apparel, respectively.

Preliminary data for April indicates a 5-percent rise in seasonally adjusted manufacturers' sales, an almost complete recovery of March declines with durables and nondurables sharing almost equally in the increase. Inventories showed little change over the month. New orders and sales were nearly in balance so there was virtually no change in total order backlogs. A slight increase in unfilled orders for durables was matched by a like decline in nondurables to continue the trends of recent months.

Sales by wholesalers in March after seasonal adjustment were almost 8 percent below February with the declines felt almost equally by wholesalers of durable and nondurable goods. Total sales also were down 8 percent from March 1951 with durables off 18 percent and nondurables off only 3 percent. Wholesale inventories in March, after seasonal adjustment, were little changed from the previous month and about 2 percent below year-ago levels.

Employment Up Seasonally

Total employment increased about 400,000 in April with the seasonal rise in agricultural employment. However, the rise appeared to be somewhat less than is usual for the period. Nonagricultural employment held relatively stable over the month. Since the civilian labor force rose by only 200,000, about half the gain in employment, the number of unemployed was reduced from 1.8 to 1.6 million or to only 2.6 percent of the civilian labor force. Farm employment as reported by the Bureau of Agricultural Economics was 10.1 million as of late April, up seasonally from a month earlier as spring field work was under way in all areas. About 300 thousand fewer persons were working on farms in April than in the previous year, continuing the long-time down trend.

Wage and Salary
Receipts Stable

Total wage and salary disbursements held relatively stable during the first three months of this year. Private industry pay rolls in March were about the same as in February as small gains in wage rates approximately offset slight reductions in employment. Both farm and nonfarm proprietors' income was off a little from February to March but total income payments remained virtually unchanged at a seasonally adjusted annual rate of 258 billion dollars. Wage rates, on the average, continue to rise gradually and further increases are in prospect this year. Higher wage rates have already been granted in some industries.

COMMODITY PRICES

Wholesale prices turned upward as the Bureau of Labor Statistics all commodity index for the 4 week period ending May 20 reached 112.0 percent of the 1947-49 average, the highest point since early February. Gains of 4 percent for farm products and 1 percent for processed foods offset a slight decline in average prices for other commodities. The index is down about 3 percent from year-ago levels with average prices for farm products off more than for the other groups.

The sensitive index for 28 Basic Commodities on May 20 was 297.0 percent (August 1939=100), up about 1 percent from a month earlier. Foodstuffs were up almost 4 percent, more than offsetting the 2-percent drop in raw industrial products. Imported commodities showed little change. Compared with a year earlier, the general index was down about 19 percent, with raw industrial products off more than one-fifth, imported commodities down one-fourth and foodstuffs a little less than one-tenth below the levels of a year ago.

Prices Received by
Farmers Up Slightly

The BAE index of prices received by farmers rose 3 points from mid-April to mid-May to 293 percent of the 1910-14 average, 4 percent below a year earlier. Largely on the strength of a 22 percent increase in the price of hogs, average prices received for livestock and products rose 2 percent, more than offsetting a 1 percent decline in prices for crops.

Prices received for meat animals advanced 6 percent over mid-April, largely because of a sharp pick up in hog prices. This increase in hog prices--one of the biggest on record--took place mostly in the first half of May, as the spring run of slaughter hogs continued to taper off. Changes in prices for other meat animals were small with cattle up slightly and sheep and lambs down. Meat animal prices averaged about 6 percent below the corresponding month in 1951. Dairy products continued to decline to mid-May as prices slipped seasonally, but they were still 4 percent above last year. Prices of poultry products were down 3 percent, and were one-fifth below last year. Wool rose better than 2 percent from mid-April, but was still only about half the record prices set in early 1951.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, May 1951 and April 22 and May 20, 1952 with comparisons

Group	May 20, 1952	April 22, 1952	May 1951	April 22, 1952 : May 20, 1952 percentage change from	May 20, 1952 percentage change from
28 Basic commodities (Aug. 1939=100)					
General index.....	297.0	294.0	367.1	+ 1.0	- 19.1
Raw industrial.....	275.1	280.6	352.8	- 2.0	- 22.0
Imported commodities.....	293.2	293.5	398.9	- .1	- 26.5
Foodstuffs.....	357.6	345.2	391.9	+ 3.6	- 8.8
Wholesale prices (1947-49=100)					
All commodities.....	112.0	111.3	115.9	+ .6	- 3.4
Farm.....	110.6	106.7	115.7	+ 3.7	- 4.4
Food, processed.....	108.7	107.7	112.3	+ .9	- 3.2
All other than farm and food.....	113.0	113.1	116.8	- .1	- 3.3

Table 2.- Group indexes of prices received by farmers, May 15, 1952
with comparisons

(1910-14=100)

Group	May 15, 1952	April 15, 1952	May 15, 1951	May 15, 1952	
				April 15, 1952	percentage change from May 15, 1951
Food grains.....	245	250	244	-	2
Feed grains and hay.....	227	229	223	-	1
Cotton.....	303	313	357	-	3
Tobacco.....	436	435	438	-	1/
Oil-bearing crops.....	280	279	380	-	1/
Fruit.....	190	179	194	+	6
Truck crops.....	285	308	239	-	7
Vegetables.....	346	312	174	+	11
All crops.....	270	272	271	-	1
Meat animals.....	394	372	418	+	6
Dairy products.....	281	291	270	-	3
Poultry and eggs.....	175	180	221	-	3
Wool.....	287	280	596	+	2
Livestock and products.....	313	306	335	+	2
Crops and livestock and products.....	293	290	305	+	1

1/ Less than 0.5 percent increase.

2/ Less than 0.5 percent decrease.

Fruit and "other vegetables" were the only crop indexes making significant price gains from mid-April to mid-May. For other major groupings prices either declined or rose only slightly. Higher prices received for potatoes, sweet potatoes, and dry beans all contributed to an 11 percent advance in "other vegetable" prices. In mid-May this index was nearly double the level of a year earlier. With a 6-percent increase over the month, fruit prices in mid-May were only 2 percent under those of a year earlier. The index of truck crop prices showed a seasonal decline of 7 percent, but was still nearly one-fifth above May 1951. Food grain prices, unchanged from May a year ago, were 2 percent under April as wheat adjusted downward in response to favorable 1952-crop prospects. Feed grains and hay slipped a little during the month, but remained above year-ago levels. Oil-bearing crops reversed their downward movement and rose a little from April to May. However, these prices still averaged more than one-fourth below May last year. Cotton, after having risen during April, was down 3 percent in May and 15 percent under last year as activity in the textile industry continued slow and purchases for export slackened.

Average prices paid by farmers for commodities used in production continued to inch upward over the past month, regaining the previous high first established last February. Lower feed prices only partially offset increases in prices paid for seed potatoes, farm supplies, and farm machinery. Rural living costs remained unchanged as higher prices for food offset the downturns recorded for other groups of commodities bought for family maintenance.

The parity index (prices paid by farmers including interest, taxes, and farm wage rates) remained unchanged during the month ending in mid-May at 289, the record high reached last month. As a result of the increase in the index of prices received, the parity ratio (the ratio of the index of prices received to the parity index) rose to 101 from 100 where it had been for the past three months.

The consumers' price index for moderate income families in large cities rose again in April to 188.7 percent of the 1935-39 average, more than 2 percent above a year earlier. Somewhat lower prices for apparel and housefurnishings were more than offset as costs for food, rent, and miscellaneous items continued to advance.

FARM-RETAIL PRICE SPREADS ^{1/}

Charges for assembling, processing, and distributing the farm foods in the market basket were \$380 in April, \$11 higher than March and \$24 above April 1951. Most of this increase resulted from higher charges for marketing fruits, vegetables, and meat products. Increases in labor and transportation costs accounted for part of the rise in marketing charges. Hourly earnings of employees engaged in food marketing in March (the latest data available) averaged \$1.55, 6 percent higher than a year earlier. The Interstate Commerce Commission granted increases in rail freight rates in April and August 1951, which averaged 2.4 and 4.0 percent, respectively. Recently an increase was authorized which, it is estimated, will raise the general level of rates by about 7 percent.

^{1/} For farm-retail price spreads data for earlier periods and for individual commodities and commodity groups, see The Marketing and Transportation Situation.

Farmers received approximately 48 cents of the dollar that consumers spent in April for the foods in the market basket compared with 50 cents in April last year. The reduction in the farmer's share was caused by an increase of \$20 in the retail cost of the farm foods in the market basket and a decrease of \$4 in their farm value. The quantities of farm foods included in the market basket are equal to the average annual purchases per family of three during 1935-39.

Average annual expenditure for all food per family is currently considerably more than the retail cost of the foods in the market basket which does not include imported foods and nonfarm foods such as fishery products or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service costs on meals eaten in restaurants.

Table 3.- The farm-food market basket:^{1/} Retail cost, farm value, marketing charges, and farmer's share of consumer's dollar, March and April 1951 and 1952, and 1951 annual average

Year and month	Retail cost ^{2/}	Farm value ^{3/}	Marketing charges ^{4/}	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951	722	360	362	50
1951-March	724	367	356	51
April	718	362	356	50
1952-March	725	356	369	49
April	738	358	380	48

^{1/} Average annual quantities of farm foods purchased per family of three average consumers, 1935-39.

^{2/} Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics.

^{3/} Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

^{4/} Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes plus Government payments to marketing agencies.

FARM INCOME

Farmers' cash receipts from marketings in May are estimated at 2.2 billion dollars, 5 percent above April and slightly more than in May a year ago. Prices in May averaged slightly above April and 4 percent below May of last year. Marketings were larger than in the 2 previous months.

May receipts from livestock and products were approximately 1.6 billion dollars, 5 percent more than in the previous month because of larger marketings, but 7 percent below a year ago because of lower prices. Receipts from meat animals as a group were about the same as in April. However, prices of all the meat animals were below a year ago, and total receipts for meat animals were down from last year. Dairy product receipts were about 15 percent above April this year, because of seasonally increased production of milk. Higher prices for milk accounted for a small rise in dairy receipts over May of last year. Receipts from poultry and eggs in May were slightly above April, because of larger sales of poultry for meat; but they were substantially less than a year ago because of generally lower prices.

Crop receipts in May were about 0.6 billion dollars, slightly more than in April and 35 percent above May of last year. Increases over April in receipts from vegetables, fruit and soybeans more than offset a decline in receipts from cotton. Most of the principal crops, including wheat, cotton, and vegetables, contributed to the increase over a year ago.

Total receipts for the first 5 months of 1952 were about 10.9 billion dollars, slightly more than in the same period last year, although prices so far this year have averaged 6 percent lower. Receipts from livestock and products were 7.4 billion dollars for the 5-month period, down 4 percent from the corresponding period of 1951 because of lower average prices. Receipts from meat animals and from poultry and eggs were a little below last year, chiefly because of price declines. Prices of dairy products, however, averaged higher and receipts were up slightly.

Crop receipts from January through May were about 3.5 billion dollars, substantially higher than a year ago. Receipts from nearly all the important crops were well above last year, especially wheat, cotton, and potatoes.

LIVESTOCK AND MEAT

About the usual seasonal trends in prices of meat animals are in prospect for this summer. Prices of hogs, which sagged throughout the winter and then jumped about \$4.00 per 100 pounds during May will probably rise further during the summer months. They are expected to reach a peak about late summer and to average higher than last summer. This marked change from last winter in hog prices reflects cut-backs that have taken place in production. Farrowings were reduced late last fall and this spring. Hog slaughter was larger than last year in the first four months of 1952, but beginning in late April dropped below a year earlier and will continue below during the rest of 1952.

Prices of cattle have been more stable this spring than usual. Seasonal price reductions for fed cattle and increases for stocker and feeder cattle were smaller than in most years. Occasional declines in prices of fed cattle may continue until mid- or late summer, when a moderate seasonal increase may occur. Prices of the lower grades of cattle marketed off grass may hold up well until late summer, when a seasonal decline is expected. Although cattle prices in general this fall seem likely to be lower than last fall, fed cattle will probably be closer to levels for a year earlier than will grass cattle.

Cattle slaughter this spring has been a little above the small slaughter in the spring of 1951 and has included somewhat more fed cattle. Slaughter of cows has continued low, indicating that breeding herds are still being expanded rather rapidly. Cattle slaughter in months ahead is expected to remain larger than last year. Slaughter of fed cattle will likely continue moderately higher, while slaughter of grass cattle at the peak marketing season this fall may be up substantially from 1951.

Although prices of lambs have strengthened since March, they have been considerably below last year when they were at record-high levels. Prices may improve somewhat more until seasonally large marketings begin in early fall. Slaughter of sheep and lambs in the first five months of this year was substantially larger than a year before because of increased numbers fed. Slaughter the rest of this year may show only a small gain over 1951.

Production of all meat in the first 6 months will total considerably above the production in the same period of 1951. A much smaller gain is in prospect for the second half, when the output will include more beef but less pork than last year. For all of 1952, production will probably be enough larger for consumption per person to increase about 2 pounds from the 137.7 pounds consumed in 1951.

DAIRY PRODUCTS

Wholesale prices for dairy products as a whole were practically unchanged from the end of April to late May when prices for butter, cheese and canned milk were about the same as a year earlier while prices for dry milks were higher. The price paid by dealers for milk used in city distribution declined slightly more than the usual seasonal amount from March to May, but after seasonal adjustment this price (\$5.43 per cwt.), still was higher than for any month prior to 1952.

Prices received by farmers for milk delivered to plants and dealers have declined about seasonally since February. The seasonally adjusted price in recent months has been just slightly less than \$5.00 per hundred pounds, the highest of record except for April through August of 1948. The price for milk delivered to plants and dealers in mid-April was 7 percent higher than a year earlier while butterfat averaged 8 percent higher. Adjusted for seasonal variation, the April prices were 102 percent of parity for milk and 96 percent for butterfat. The milk-feed price relationship is about equal to the long-time average but the butterfat-feed price ratio is below average. In the past 12 months, dairy product prices have improved in relation to prices for hogs and beef cattle, but they still are substantially below average compared with beef.

The annual rate of milk production has been lower than a year earlier in each month of 1952. Total production in the first 4 months of the year was 36.0 billion pounds, compared to 36.2 billion in January-April 1951. The rate of production per cow has been no greater than a year earlier and 1 percent fewer cows were on farms as the year began. There is little likelihood that the annual rate of milk production will expand significantly in the remainder of 1952. Total production for the year as a whole probably will be in the neighborhood of 115 billion pounds, which would be the lowest since 1941, except for the 112.7 billion in 1948.

Consumption of fluid milk and cream is continuing as large as or a little larger than a year earlier. Thus, less whole milk is available for manufactured products. The smaller supply is being reflected in a lower output of all factory dairy products except nonfat dry milk solids, which is running substantially above the 1951 level.

Storage stocks of manufactured dairy products are increasing seasonally, but are at a much lower level than a year ago.

POULTRY AND EGGS

Prices received by farmers for eggs averaged 34.2 cents per dozen in mid-May, 3 percent below April and only slightly higher than March when they were at the lowest level of the year to date. Ever since December 1951 monthly egg prices have been below the prices for the corresponding month of the year before.

The United States average price of all chickens also declined from mid-April to mid-May and at 24.3 cents per pound (live), were 16 percent below a year earlier. A sharp decline in broiler prices in the 3 weeks preceding mid-May contributed largely to the drop from the average of the preceding month.

The broiler price in early May fell as low as 18 cents per pound in sections of Texas and Arkansas, and typical early May broiler prices in other specialized producing areas were in the low 20's. Although there was some recovery from these levels, prices remained lower than the January-March average in most areas.

The low prices were due at least in part to the large supplies of broilers. Marketings were in proportion to the record-high weekly placements of February and March. For 4 weeks in those months, weekly placements in 11 reporting areas were near or above 14 million per week. For 10 weeks thereafter, placements continued above 12 million per week, so no abrupt let-down in the broiler supply is expected at least through July. By then, large numbers of cockerels raised with laying flock replacements should be coming to market.

The number of young chickens being raised on farms for laying flock replacement was 5 percent smaller on May 1 than a year earlier, with indications that on June 1 the number would fall even further short of the corresponding 1951 figure. The reductions, accomplished and potential,

are in line with farmers' usual reactions to adverse egg-feed price ratios, and indicate that on January 1, 1953 there will be fewer potential layers on hand than on January 1, 1952. However, because the reduction in the number of chickens being raised was late in coming -- on April 1 the number of young chickens on farms was 9 percent more than a year earlier -- it is likely that supplies of eggs late this fall will be well sustained by the addition of large numbers of early pullets to the laying flock. Therefore, it may be early-winter before the egg supply reflects the reduction in chickens raised.

Stocks of shell eggs in cold storage this fall are likely to exceed comparable 1951 holdings. May 1 holdings of shell eggs, were 2.2 million cases, 125 percent larger than last year's small holdings on the same date and almost the same as the July 1, 1951 peak of 2.4 million cases. Reports from 35 principal cities indicate that the storage movement has continued strong since May 1.

Purchases through May in the Government's egg surplus removal program amounted to only 78,370 cases. A maximum of 500,000 cases was authorized under the program. Under an extension of the original program, purchases will continue through June.

FATS, OILS AND OILSEEDS

Prices of edible vegetable oils and lard rose in May, the first increase of the 1951-52 crop year. This may reflect the possibility that prices had dropped too low in April, trade reaction to the announcement of CCC's cottonseed products purchase program and a decline in hog slaughter and lard production.

After a long decline beginning early in 1951, prices of inedible tallow and greases increased about 30 percent from the latter part of April through May. Exports have been large and some increase in domestic disappearance may now be taking place. Stocks, although large, have been declining in recent months.

The index of wholesale prices of fats and oils except butter in May was about 55 percent of the 1947-49 average compared with 50 percent in April and 102 percent in May 1951.

Domestic disappearance of fats and oils used in food in the first half of the present marketing year, totaled 22.0 pounds (fat content) per person, 0.9 pounds less than in the same period a year earlier. An increase in margarine was more than offset by declines in all other food fats. Some increase in April-September is expected (especially in shortening and margarine) and the total for the marketing year may be near the 1950-51 total of 43.2 pounds per person.

Use of fats and oils in nonfood products in October 1951-March 1952 totaled 11.3 pounds per person, 3.0 pounds less than the year before. Most of the decline was in soap although use in drying oils was also down considerably. Domestic disappearance in the second-half of the crop year is expected to be larger than a year earlier, but the total for the year probably will be less than the 25.4 pounds recorded in 1950-51.

Prices received by farmers for soybeans in recent months have ranged between \$2.70 - \$2.80 per bushel (well above support) despite narrower than usual margins obtained by domestic crushers. Competition for the soybean supply has been intensified by an expansion in soybean crushing facilities and more orderly marketing of beans by producers. Stocks of soybeans on farms April 1, 1952 constituted a much larger than the usual percentage of total stocks.

To implement the 1952 crop cottonseed support program, CCC recently announced the quantities of cottonseed products per ton of cottonseed crushed which it would offer to buy and the prices that it would pay for them. As this is a "package" arrangement, the total return for oil, meal and linters will determine whether crushers sell their products on the open market or deliver them to CCC. The program together with the loan and purchase agreement for soybeans will tend to stabilize prices of edible oils in 1952-53.

Amendment 14 to CPR 6, effective May 19, 1952 rescinded the rollbacks on ceiling prices for edible oils that would have taken effect if controls were to be reimposed.

CORN AND OTHER FEEDS

Prices of feed grains have been comparatively stable during the past 2 or 3 months, averaging slightly higher than a year earlier. Prospects for the 1952 crops will have an important influence on feed prices during the next few months. A favorable growing season would be expected to result in seasonally lower prices at harvest time. Unless bumper crop are produced, however, prices are expected to average near or above the 1952 supports. In May, prices of all of the feed grains were above the supports on 1951 crops and also the announced supports for 1952, but ranged from 4 to 13 percent below parity, the legal minimum prices at which ceilings can be established. The index of wholesale prices of high-protein feed in May was about 18 percent higher than a year earlier. Prices of most of the high-protein feeds continue at the ceilings. The price of soybean meal increased \$7.00 per ton in late April, following an upward adjustment in the price ceiling.

Total sales of corn by farmers from the 1951 crop are estimated at 697 million bushels, 6 percent smaller than in 1950. Receipts of corn at primary markets in the first half of the current marketing year were considerably smaller than in the same period of 1950-51. The small stocks of corn remaining on farms in the Western Corn Belt will result in a comparatively tight corn supply situation in that area during the remainder of the marketing season. Sales by farmers from the area are expected to be small this spring and summer.

Prospects for 1952 feed crops have been generally favorable this Spring. Preparation of land and planting of corn progressed rapidly and is well ahead of a year ago. In early May pasture conditions were unusually good over most of the country. Based on May 1 conditions, the hay supply for 1952-53 will be near record and will provide ample forage for the increasing number of roughage-consuming livestock.

WHEAT

Cash wheat prices declined during May, reflecting adjustment to new crop conditions which began about May 9. From May 8 to June 2 prices declined 6 cents at Kansas City, and about 11 cents at Minneapolis and St. Louis. Prices at Portland, however, were up about 4 cents. Prices received by growers on May 15 averaged \$2.13, five cents below a month earlier. This is 32 cents below parity--the legal minimum ceiling level--and slightly below the prospective support level for the 1952 crop.

The national average support price for the 1952 crop will be 90 percent of the parity price at the beginning of the 1952-53 marketing year on July 1. If parity on July 1 should be the same as on May 15, the support price would be \$2.21. With production as large as now indicated, prices to farmers will continue below the loan level for several months after harvest. But since demand is likely to continue strong, prices for the year should average near the announced loan level as they did in 1951-52.

Interim loan rates were recently announced on 1952-crop wheat at \$2.46 a bushel for No. 1 Hard Winter at Kansas City and \$2.50 for No. 2 Red at St. Louis. Final loan rates on the 1951 crop were \$2.45 at Kansas City and \$2.50 at St. Louis.

Prospective supplies of CCC wheat indicate that about 150 million of the estimated 250 million-bushel carry-over on July 1, 1952 would be owned by CCC.

Current prospects indicate a wheat crop in excess of domestic and prospective export requirements. On May 1 the 1952 winter wheat crop was indicated at 986 million bushels. Assuming a spring crop of around 300 million bushels (intended acreage and 5 year average yields), the 1952 crop may total 1.3 billion bushels. The total wheat supply in the U. S. for the 1952-53 marketing year would be near-record in size, exceeded only by supplies in 1942-43 and 1943-44.

Domestic disappearance is expected to total about 735 million bushels. Wheat exports for 1952-53 are uncertain but they may be down as much as one-fifth from the high level of 460 million bushels exported in 1951-52. The carry-over in July 1953 is expected to be considerably larger than the carry-over of 250 million bushels estimated for July 1 this year and above average.

A substantial increase in storage facilities, both on farms and off, which has taken place in recent years, will go far to reduce serious storage problems this year. Widespread use of combines, however, always results in large quantities of grain moving in a very short period and, with a crop as large as now indicated, it is to be expected that some transportation and storage difficulties may be encountered.

The acreage in Canada intended for all wheat (spring and winter) in 1952 is placed at 25.6 million acres, an increase of 1.5 percent over last year's 25.3 million. While this year's indicated acreage is well below the record 28.7 million in 1940, it is, however, equal to the 1947-51 average. The revised estimate of 25.3 million acres for 1951 is from the Census of Agriculture released on May 12, and replaces the estimate of 25.7 million published earlier by the Agriculture Division of the Dominion Bureau of Statistics. Intended wheat seedings in the Prairie Provinces are placed at 24.8 million acres, up 1.8 percent over the 1951 area. Spring rainfall has been considerably below normal throughout the Prairie Provinces.

FRUIT

Grower prices for most citrus fruits probably will continue lower in June this year than last, mainly because of large supplies of fresh and processed citrus. In July, supplies of new-crop peaches may be a little smaller, and prices somewhat higher, than the relatively low prices in that month in 1951.

The 1952 crop of peaches in the 10 Southern early peach States, which are marketed mostly in June and July, is expected to be slightly larger than the 1951 crop but nearly a tenth under the 1941-50 average. In June, grower prices may not be far different from comparable 1951 prices. Prospective production in Georgia, South Carolina and North Carolina is moderately smaller than in 1951, and prices for peaches from these States when market movement becomes heavy in July may be somewhat higher than the relatively low prices in July 1951. In early May, prospects in California were for a substantially larger crop of sweet cherries but for smaller crops of plums and apricots than comparable 1951 production.

Production of late spring strawberries, which are marketed mostly in June and July, is expected to be about one-eighth larger than the above-average 1951 crop. Total commercial production of strawberries in 1952 is expected to be about 5 percent larger than in 1951 and the largest since 1942. Grower prices in June are likely to be near comparable 1951 prices. As usual, much of the late spring production, especially in Oregon and Washington, probably will be frozen. On April 30, 1952, cold-storage holdings of frozen strawberries were about 19 percent smaller than stocks on that date in 1951.

Supplies of apples will be seasonally light in June, the usual transitional month from old-crop to new-crop apples. On April 30, 1952, cold-storage holdings of 1951-crop apples were 58 percent smaller than the unusually large stocks on that date in 1951. Grower prices for 1951-crop

apples may increase slightly in June, continuing well above comparable prices in 1951. Stocks of canned apples and applesauce, as the 1952 canning season gets under way this summer, are expected to be somewhat smaller than stocks a year earlier.

Utilization of Florida oranges by processors of frozen orange concentrate continued heavy during April and May. By May 17 such utilization amounted to about 64 percent of the total processed and to 39 percent of the total utilized fresh and processed. Output of frozen concentrate by May 17 of this season from Florida oranges was about 83 percent larger than output in the comparable period of the 1950-51 season and was about 21 percent above the total output of 1950-51. Prices paid growers for Florida oranges delivered to concentrating plants during February through mid-May have averaged less than half the prices paid in the same period of 1951. With retail prices for frozen orange concentrate also much lower this winter and spring than a year earlier, consumption has been considerably larger. As supplies of both oranges and grapefruit become seasonally lighter this summer and are marketed mostly for fresh use, grower prices for these two fruits can be expected to increase somewhat.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for cabbage, cantaloups, onions, and green peppers this summer are expected to average a little higher than a year earlier unless yields for these crops are much higher than last year. Prospective acreages of these crops for summer harvest are slightly smaller than acreages harvested last summer. The acreage of watermelons for early summer harvest, when most watermelons are harvested, is expected to be slightly larger than a year earlier. If yields equal last year, the crop will be larger and prices lower.

Prospective acreages have not yet been reported for other summer crops which make up about one-half of the total summer crop acreage. Acreage of early fall cabbage is expected to be slightly larger than the acreage harvested a year earlier.

For Commercial Processing

Prices commercial canners and freezers will pay growers this year probably will average a little lower than last year. Because of relatively large inventories, a somewhat smaller tonnage may be contracted by many processors this year. Prices offered under contract also may average somewhat lower than prices paid last year.

Early reports of processors' intentions indicate the probability of lower acreages planted for processing this year for green lima beans, snap beans, beets and tomatoes. Increased acreages are indicated as likely for contract cabbage, sweet corn and cucumbers. A slightly smaller planted acreage of green peas is indicated, and with average rates of abandonment there would remain somewhat less acreage for harvest than last year. Indicated winter season production of spinach for processing in California and Texas is 11 percent smaller than in 1951.

POTATOES AND SWEETPOTATOES

Prices for potatoes will continue relatively high at least into early summer. It now appears that in the late spring areas yields per acre will average somewhat lower than last year even though an increased proportion of this acreage is in California where high yields are obtained. The lower yield partly offsets the increased acreage planted for the late spring harvest, so that production now indicated in that area is only 4 percent larger than last year and not enough larger to restock adequately the depleted markets. Early commercial acreage for summer harvest is estimated to be 5 percent smaller than a year earlier and only about one-half the 10-year average. Availability of potatoes later in the year will depend, of course, upon acreage and yield in areas in which harvest comes later.

Sweetpotatoes will continue scarce and high priced at least until the new crop becomes available in late summer. Prospects are for some increase in acreage over last year, and if yields are favorable, a larger crop and somewhat lower prices should result. The first estimate of total acreage of potatoes and sweetpotatoes planted will be available in early July.

COTTON

Cotton prices fluctuated widely in recent weeks but the trend was downward. The 10 spot market average for Middling 15/16 inch declined from 42.11 cents per pound on April 2 to 38.08 on May 14 and then increased slightly and was 38.64 cents on May 26. The season average price received by farmers from August 1 through April was 5 percent below the average for the 1950-51 season.

The drop in prices was probably due to slackening in purchases for export and relatively small buying by mills, coupled with a reduced demand for textiles. Mills consumed about 12 percent less cotton from August 1, 1951 to May 3 than during approximately the same period a year earlier and their stocks on May 3 were about 32 percent smaller than on May 5, 1951. Most of the purchasing for export has probably been completed, but some buying and shipments of cotton already purchased will be made during the rest of the season.

Although the total value of cotton and cottonseed production was up 40 percent in 1951-52 over 1950-51, the value per harvested acre was down 6 percent. At the same time the cost of ginning increased about 8 percent and the cost of hand picking increased approximately 13 percent. On the other hand, the proportion of the crop harvested mechanically increased from about 8 percent in 1950 to approximately 15 percent in 1951.

Mill consumption during April averaged 33.9 thousand bales per day, down more than seasonally from the rate in March. The average daily rate for the season to date, August through May 3, was 36.8 thousand bales. These daily rates indicate a consumption of about 9.2 million bales for the 1951-52 season.

Exports from August 1, 1951 through March 1952 of 4.6 million bales were larger than those for the same period in any other season since 1939-40. Total exports for the season are expected to be about 5.8 million bales.

These consumption and export estimates indicate that the carry-over on August 1, 1952 will be slightly larger than that of August 1, 1951 which was the lowest since 1925.

The Office of Price Stabilization suspended price controls on raw cotton and cotton yarns and fabrics effective May 20. According to the announcement, price ceilings for raw cotton will become effective when and if the average 10 spot market price for Middling 15/16 inch reaches 43.05 cents per pound or when any futures month reaches 43.39 cents. Price ceilings on cotton yarns and fabrics will again become active when a price index of cotton fabrics reaches 90 percent of 1951 peak prices.

Prices of foreign growths, in general, continued to decline during April and early May and most are now selling below comparable qualities of American upland cotton. This is in part a continuation of a trend which has been apparent since January 1952. The high prices of foreign cotton early in the season caused importers to buy large quantities of United States cotton which in turn limited purchases of foreign growths. Declining cotton consumption in foreign countries during the past few months and a prospective increase in the world carry-over of more than 2 million bales on August 1, 1952 over a year earlier have put additional pressure on the prices of foreign growths. On May 17, Egypt suspended export taxes on cotton until September 1. On the latter date these taxes will become effective at 1/2 to 3/4 of the rates in recent months.

WOOL

Prices of wool at the Australian auctions at mid-May were about 15 percent higher than those of early April and were at about the levels of late January. Quotations for Australian wools at Boston at mid-May, reflecting the advance in prices in Australian markets, were slightly higher than a month earlier. Australian 64's, 70's good topmaking wool, which was quoted at \$1.43 per pound, clean basis (American yield), in bond at mid-April, was quoted at \$1.48 a month later. Most domestic wools were quoted nominally at Boston at mid-May at the same levels as a month earlier. Territory fine good French combing and staple wool was quoted nominally at \$1.58 at both mid-May and mid-April.

Prices received by growers for shorn wool at mid-May averaged 51.0 cents per pound, grease basis, 84 percent of parity. The mid-month average price for May of last year was \$1.05, 185 percent of parity.

Imports of both apparel and carpet wool for consumption continue below last year. Imports of apparel (dutiable) wools during March, 17 million pounds, clean basis, were about half the quantity of March 1951. Imports of such wools during the first quarter, 57 million pounds, were 32 percent less than the quantity of the same months of 1951.

Imports of carpet (duty-free) wools during March were almost the same as last year. Imports for the first quarter, however, totaled only 25 million pounds compared with 36 million pounds last year.

TOBACCO

The 1951 crop of Maryland tobacco is now being marketed and average prices for all grades have been lower than in the comparable period of last season. The general quality of offerings was improved, and this has tended to hold the over-all average price up to a level not greatly below that of last season. Auction sales through May totaled 9.9 million pounds and averaged 44.0 cents per pound compared with 8.8 million pounds at 50.9 cents per pound in the roughly comparable period of 1951. Government price supports are not available on the 1951 and 1952 crops of Maryland tobacco. This is in accord with the law which does not permit price support on a tobacco crop if growers disapprove a marketing quota. The 1951 crop is estimated at 41.6 million pounds--about 4 percent above the 1950 harvest and the second largest ever produced. On April 1 the stocks of Maryland tobacco held by manufacturers and dealers were 51 1/2 million pounds--10 percent above those of a year earlier and above the level for any previous April 1. The March 1 planting intentions indicated that Maryland growers would reduce their 1952 acreage about 2 percent from the 1951 figure. Most Maryland tobacco is used in cigarettes but around one-fifth of it is exported.

Cigarette manufacture in the fiscal year ending June 30 is estimated at about 421 billion--3 percent larger than in 1950-51 and above that of any previous year. The 1952-53 supplies of flue-cured and Burley tobacco, the major kinds of cigarette tobacco, are expected to be around 5 percent larger than the 1951-52 supplies if yields per acre this year are near the averages for recent years. The Government price support levels for the 1952 crops of flue-cured and Burley probably will be quite close to those for last year's crops.

Cigar consumption in the fiscal year ending June 30 is estimated at about 5,860 million compared with 5,740 million in 1950-51. The season average prices of the 1951 crops of Connecticut Valley cigar binder, Broadleaf (type 51), and Havana Seed (type 52) were slightly lower than those for the 1950 crops while for the Wisconsin binder (types 54 and 55), prices were moderately higher. The 1951 season average price for Pennsylvania filler dropped 28 percent below the preceding season's average and was the lowest since 1943.

The output of smoking and chewing tobacco in the fiscal year ending June 30 is estimated at about 100 and 87 million pounds--down 6 and 1 percent, respectively, from their 1950-51 levels. Snuff output is estimated at 39.5 million pounds compared with 40.4 million in 1950-51.

During July 1951-March 1952, total exports of unmanufactured tobacco from the United States totaled about 445 million pounds (declared export weight)--13 percent greater than in the same period of 1950-51. It is estimated that the fiscal year total for 1951-52 will be about 510 million pounds compared with 478 million in 1950-51.

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